

**RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND**

**UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2011**

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REVIEW ENGAGEMENT REPORT

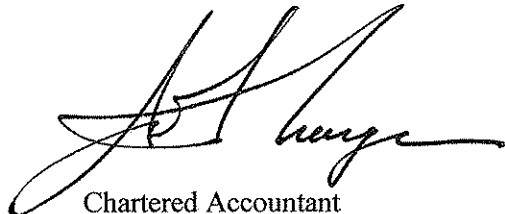
To the Members:

We have reviewed the balance sheet of Resource Centre for the Arts - Hall Operations Fund as at August 31, 2011 and the statements of operations and cash flows for the year then ended. Our review was made in accordance with Canadian accounting standards for not-for-profit organizations for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by management.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland
November 28, 2011



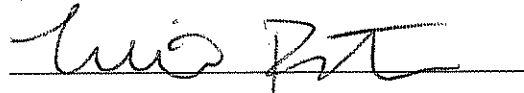
Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

BALANCE SHEET (Unaudited) AS AT AUGUST 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 31,701	\$ 60,080
Cash - Capital Construction Project	561	11,855
HST recoverable	-	4,029
Prepaid expenses	9,394	-
Accounts receivable	11,617	57,837
Inventory	2,332	-
	55,605	133,801
Capital assets (note 2)	2,002,578	2,140,453
	\$ 2,058,183	\$ 2,274,254
LIABILITIES AND OPERATING DEFICIT		
CURRENT		
Accounts payable and accrued liabilities	\$ 23,766	\$ 91,398
HST payable	2,420	-
Due to Theatre Fund (note 4)	14,142	4,060
Deferred revenue (note 3)	24,978	40,394
Deferred contribution		
- Capital Construction Project (note 6)	1,985,574	2,123,314
	2,050,880	2,259,166
ACCUMULATED SURPLUS (DEFICIT)	7,303	15,088
	\$ 2,058,183	\$ 2,274,254

On Behalf of the Board:





See Accompanying Notes to Unaudited Financial Statements

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF OPERATIONS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2011

	2011	2010
REVENUES		
Grants and Sponsorships (note 5)	\$ 210,025	\$ 111,356
Deferred Contributions – Capital Project (note 6)	137,740	73,243
Rental Revenue	59,259	30,300
Fundraising, Donations and Memberships	30,166	53,508
Bar Revenue	24,037	5,458
Programming Revenue	17,472	-
Building Repair Fund	11,452	3,271
Theatre Contribution (note 4)	6,300	8,650
Ticket Surcharge	2,962	818
Office Site Box Office	1,257	-
Other Revenue	100	1,123
	500,770	287,727
EXPENSES		
Salaries, benefits and independent contractors	228,396	104,820
Amortization	137,875	74,877
Programming expenses	26,544	-
Utilities and telephone	25,010	13,449
Repairs and maintenance	19,230	12,267
Insurance	16,535	14,016
Bar operating	14,365	2,514
Professional fees	13,879	13,736
Advertising and promotion	8,902	4,876
Fundraising	4,666	10,176
Office supplies and postage	4,208	5,211
Miscellaneous	2,097	887
Bank charges and interest	4,344	1,026
Equipment	1,413	3,766
Municipal taxes	1,091	2,823
A1C Gallery contribution (note 7)	-	6,000
Rent	-	3,975
	508,555	274,419
Excess of expenses over revenues	(7,785)	13,308
Loss on disposal of capital assets	-	3,908
	(7,785)	9,400
Accumulated surplus (deficit), beginning of year	15,088	5,688
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,303	\$ 15,088

See Accompanying Notes to Unaudited Financial Statements

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF CASH FLOWS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2011

	2011	2010
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ (7,785)	\$ 9,400
Items not affecting cash:		
Amortization of capital assets	137,875	74,877
Amortization of deferred contribution – capital project	(137,740)	(73,243)
Loss on disposal of capital assets	-	3,908
Changes in non-cash working capital	(42,105)	103,195
Cash from (provided for) operating activities	(49,755)	118,137
INVESTING ACTIVITIES:		
Capital construction project	-	(1,489,437)
Sale of capital assets	-	3,300
Cash from (provided for) investing activities	-	(1,486,137)
FINANCING ACTIVITIES:		
Advances from (to) Theatre Fund	10,082	1,421
Deferred contributions – capital project	-	1,371,327
Cash from (provided by) financing activities	10,082	1,372,748
Net increase (decrease) in cash	(39,673)	4,748
Cash, beginning of year	71,935	67,187
CASH, END OF YEAR	\$ 32,262	\$ 71,935
Cash, end of year consists of:		
Cash	\$ 31,701	\$ 60,080
Cash – Capital Construction Project	561	11,855
	\$ 32,262	\$ 71,935

See Accompanying Notes to Unaudited Financial Statements

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2011

General

The fund is one of two funds that constitute the Resource Centre for the Arts. The organization operates as a charity and, as such, maintains that status for income tax purposes. The organization's mission is to develop, promote and present indigenous Newfoundland and Labrador art and artists.

1. Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, the most significant of which are as follows:

Change of Accounting Policy:

Resource Centre for the Arts – Hall Operations Fund has opted to early adopt Accounting Standards for Not-For-Profit organizations for their fiscal 2011 Financial Statements. According to Section III of the CICA handbook, "First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. Adoption of this Part for earlier fiscal years is permitted."

As per Section III of the handbook, the financial statement reporting and accounting policies in place by Resource Centre for the Arts – Hall Operations Fund will not be affected due to the adoption of new accounting standards.

Capital Assets and Amortization:

Capital assets are recorded at cost. Effective for the year ended August 31, 1999, the fund started to amortize its assets using the following methods of amortization set out below:

Building	4% declining balance
Building soft costs	4% declining balance
Equipment	20% declining balance
Software	20% declining balance
Seating	20% declining balance
Computer	30% declining balance

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2011

1. Significant Accounting Policies (continued):

Revenue Recognition:

Resource Centre for the Arts – Hall Operations Fund follows the deferral method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions relating to the capital construction project have been deferred and will be recognized on the same basis as the related capital assets are amortized.

Donations are recognized on a cash basis.

Rental revenue is recognized as revenue when earned.

Interest income is recognized as revenue on an accrual basis.

2. Capital Assets:

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,036,166	\$ 580,077	\$ 1,456,089	\$ 1,516,759
Equipment	311,401	87,192	224,209	280,261
Building – soft costs	297,061	17,586	279,475	291,120
Seating	48,350	13,538	34,812	43,515
Computer	3,851	3,536	315	450
Software	3,720	1,042	2,678	3,348
Land	5,000	-	5,000	5,000
	<u>\$ 2,705,549</u>	<u>\$ 702,971</u>	<u>\$ 2,002,578</u>	<u>\$ 2,140,453</u>

3. Deferred Revenue:

Deferred revenue consists of grant revenue which had not been earned by year end due to either the grant funds not having been used by year end or the grant which was issued for a stated period, had not expired by year end.

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2011

4. Related Party Transactions:

During the year Resource Centre for the Arts - Hall Operations Fund received rent and salary contribution of \$18,436 (2010 - \$9,983) from the Theatre Fund. They also received \$18,600 (2010 - \$16,847) for theatre rental.

As at August 31, 2011 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$14,142 (2010 – \$4,060). Included in this amount was \$7,500 deposited to Resource Centre for the Arts – Hall Operations Fund bank account which will be reimbursed to Theatre in the following fiscal period. The amount due to Resource Centre for the Arts – Theatre Fund is non-interest bearing and has no fixed terms of repayment. Management is of the opinion that the balance will be settled in full within the next fiscal period.

5. Grants and Sponsorships:

Grant and sponsorship revenue for the year consists of the following:

	<u>2011</u>	<u>2010</u>
Cultural Economic Development Program	\$ 85,416	75,000
City of St. John's	50,000	33,356
Department of Innovation, Trade and Rural Development	30,382	-
Department of Canadian Heritage	21,500	500
Telus	10,000	-
Human Resources, Labour and Employment	6,011	-
Cox and Palmer	5,000	-
Molson	1,716	-
Royal Bank of Canada	-	2,500
	<u>\$ 210,025</u>	<u>\$ 111,356</u>

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2011

6. Capital Project Funding:

Resource Centre for the Arts received \$2,210,652 from the following organizations to support the capital renovation project for the LSPU Hall:

City of St. John's	\$ 621,045
Department of Canadian Heritage	609,255
Government of Newfoundland and Labrador	603,000
Atlantic Canada Opportunities Agency	302,056
Government of Newfoundland and Labrador – INTRD	47,696
Department of Canadian Heritage – Equipment Funding	<u>27,600</u>
	<u>\$ 2,210,652</u>

This amount has been recorded as deferred contribution – capital construction project and is being recognized on the same basis as the related capital assets are being amortized.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 2,123,314	\$ 2,210,652
Less: amortization of deferred contributions	(137,740)	(73,243)
Less: reduction for contribution to A1C Gallery Inc.	-	<u>(14,095)</u>
Balance, end of year	<u>\$ 1,985,574</u>	<u>\$ 2,213,314</u>

7. Comparative Amounts:

Certain of the comparative amounts have been reclassified to conform to the financial statement presentation adopted in the current year.